Appendix A

Summary of Alleged Misstatements

APPENDIX A

SUMMARY OF ALLEGED MISSTATEMENTS IN THE COMPLAINT[1] AND REASONS WHY THEY ARE NON-ACTIONABLE

Statement No.	Alleged Speaker(s)	Alleged Misstatement	Reasons Why Statement Is Not Actionable
1	Egeck	We are very encouraged by our start to Fiscal 2022. Continued industry tailwinds, ***the competitive advantages derived from our integrated platform of physical and digital assets, and strong execution of our strategic growth initiatives drove record first quarter results***. With this strong start, we remain confident in our ability to continue to perform at a high level for the balance of the year. *Q1 2022 Earnings Press Release* (Feb. 3, 2022) (Dkt. 30 ¶ 40).	Not adequately alleged to be false or misleading when made No loss causation – mismatch with corrective disclosure
2	Egeck	I'll start with our defense and remind you of four key defensive attributes of our business. One, we are ***benefiting from strong secular macro trends that are driving durable consumer demand and are showing no signs of slowing***. Two, we operate in an industry that is able to pass costs through to consumers. Three, 80% of our assortment is non-discretionary. And four, we have a long history of strong and consistent free cash flow generation that enables both continued investment in our business, as well as opportunistic return of capital to shareholders in the form of share buyback.	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including

[1] The bolding and italicization in the alleged misstatements is contained in the allegations in the Complaint and not the original statements. Defendants assume Plaintiffs are only challenging the statements in the Complaint that are bolded and italicized.

		Q1 2022 Earnings Call (Feb. 3, 2022) (Dkt. 30 ¶ 41).	assumptions related to projections)
3	Weddell	We expect inventory conditions in the industry to remain tight throughout fiscal 2022, particularly for chemicals and equipment. As a result of the tireless efforts of our team, we ended the first quarter of fiscal 2022 with inventory of $245 million, up 40% compared to $175 million at the end of the prior year quarter. We have ***an always-on procurement strategy at Leslie's. Our team continues to proactively work with our vendor partners to manage the flow of inventory, and we continue to identify opportunities to strategically invest in inventory to meet heightened consumer demand and prepare for pool season.*** *Q1 2022 Earnings Call* (Feb. 3, 2022) (Dkt. 30 ¶ 42).	Not adequately alleged to be false or misleading when made No loss causation – mismatch with corrective disclosure
4	"the Company"	***We may not be able to successfully manage our inventory to match consumer demand, which could have a material adverse effect on our business, financial condition, and results of operations.*** We base our inventory purchases, in part, on our sales forecasts. ***If our sales forecasts overestimate consumer demand, we may experience higher inventory levels, which could result in the need to sell products at lower than anticipated prices, leading to decreased profit margins.*** Conversely, if our sales forecasts underestimate consumer demand, we may have insufficient inventory to meet demand, leading to lost sales, either of which could materially adversely affect our financial performance. *Q1 2022 Form 10-Q* (Feb. 4, 2022) (Dkt. 30 ¶ 43).	Not adequately alleged to be false or misleading when made No loss causation – mismatch with corrective disclosure

5	Egeck	The non-discretionary, recurring nature of after-market pool industry demand, ***our team's strong execution against our strategic growth initiatives, and an advantaged inventory position were all key drivers of our performance.*** We enter pool season ***ready to meet the needs of our customers*** with our Leslie's Connect capabilities, AccuBlue water testing solution and strong in-stock positions. *Q2 2022 Earnings Press Release* (May 5, 2022) (Dkt. 30 ¶ 45).	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion No loss causation – mismatch with corrective disclosure
6	Egeck	***With regard to chlorine tabs, supply remains constrained,*** and retail prices elevated. Over the last two years, our retail price for a 35-pound bucket of tabs has increased from $99 to $199. We get a lot of questions about what happens if chlorine tab pricing reverses and we have price deflation. We do not believe that is likely in the near or medium term. Let me explain why. Consumers commonly refer to as chlorine tabs are actually Trichlor tabs. Trichlor is manufactured by combining chlorine, caustic soda and urea. That combination creates Trichlor granules, which are then compacted into tabs. While domestic Trichlor capacity was impacted in 2020 and 2021 by the much discussed plant fire, the industry is also facing very tight chlorine supply conditions which have created corresponding cost increases. Shortage in chlorine has two drivers. The first is structural. In the last 16 months, chlorine capacity in	Not adequately alleged to be false or misleading when made Statement of opinion Statement of corporate optimism No loss causation – mismatch with corrective disclosure

		North America has been reduced by about 7%. The second factor is that chlorine is a key component of PVC. Chlorine use in PVC has a higher value than chlorine use in Trichlor manufacturing. The reduction in total chlorine capacity and the growth in PVC manufacturing has caused the amount of North American sourced chlorine available to US Trichlor manufacturers to decrease by about 20%. The result is that ***domestic Trichlor capacity is tight and falling short of elevated consumer demand.*** Imported chlorine and Trichlor granules can bridge supply to the market; however, both are very expensive to the combination of tariff costs, anti-dumping duties, and especially handling and transportation costs. * * * [Analyst Baird & Co.:] That's great. Thank you. And then, Mike, I guess, your comments on the Trichlor pricing outlook and supply demand was very helpful. Just curious on the volumes that you've been able to secure, I guess, as you look to next year, 2023, and any perspective on that, how that maybe compares to where – what you were able to do for this season? That's my next question. [Egeck:] Yeah. Peter, thanks. Appreciate the question. I'm going to be a little vague because, if you'll remember, on this year, when we were asked about how much more Trichlor we end up procured, we kind of held our answer at more. And ***I'm going to say we're happy with our current supply, though the flow of it could be a little more front loaded, still pleased with the supply. We're in line to buy even more next year, need to feed the machine we've created for chemical consumption and the [Company's] growing consumer profile.*** And we're in the process of procuring that right now with discussions. And I would say, look, with our suppliers, our primary suppliers, which are our long-term partners, we've	

		talked before about contracts. In the current situation, I'm going to say that relationships are more important than contracts, and we have a great relationship with our suppliers there and look forward to again being able to significantly increase our supply of Trichlor tabs for next year. *Q2 2022 Earnings Call* (May 5, 2022) (Dkt. 30 ¶ 46).	
7	Weddell	On inventory, we ***continue to expect inventory conditions in the industry to remain tight throughout fiscal 2022, particularly for chemical*** and equipment. We ended the second quarter of fiscal 2022 with inventory of $345 million, up 24% compared to $278 million at the end of the prior-year quarter. Our team continues to proactively work with our vendor partners to manage the flow of inventory and ***we continue to identify opportunities to strategically invest in inventory to meet heightened consumer demand and prepare for pool season.*** *Q2 2022 Earnings Call* (May 5, 2022) (Dkt. 30 ¶ 47).	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) No loss causation – mismatch with corrective disclosure
8	Egeck	[William Blair & Co. L.L.C.:] So, first off, thanks for all the details in the deck. It's really helpful. I was hoping you could address the pull-forward question again because from a high level it looks like you're a COVID winner. Your top line has been very strong, stronger than typical history. So have you tried to calculate a potential pull forward estimate or is this just not your view because of the macro drivers and share gain in price?	Not adequately alleged to be false or misleading when made Statement of opinion

		[Egeck:] Yeah, Ryan, ***I would say it's not our view, both for the reasons you stated. And also, due to the fact that we track that very carefully. We're able to see by consumer what they purchased prior years versus what they've purchased year-to-date. It's one of the things that we try to pay a lot of attention to. And we just haven't seen any indication of any meaningful pull-forward.*** * * * [Jefferies:] That's really helpful. And then just a related question on consumer behavior. Last quarter, you alluded to some customers buying 20-pound or 35-pound chlorine bucket, maybe instead of 50-pound bucket. Maybe it's because of sticker shock or whatnot. Did that dynamic happen at all in this past quarter? If so, it would make me think that the business is almost seeing the antithesis of pull forward in that more future trips would be required to appropriately sanitize pools. Any color there would be great. [Egeck:] Yeah. This is a little bit an output of our supply. We've been in better inventory positions in smaller bucket of tabs, and we've been probably tightest in 50-pound buckets on our digital business. In the digital business, when they're tied on 50-pound tabs that we typically convert that to a 35-pound bucket with a buy online pick up in store. So in some respects, our supply chain has traded people down a little bit. And I think as we saw in Q1, there's still anecdotal evidence from the stores that some people come in and think, wow, that's – chlorine has gotten expensive, I'll buy a little bit smaller bucket. So, yeah, I would agree. ***I started with the first question saying we don't see any evidence of any significant pull-forward. And in fact, with UPT [unit per***	No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		transaction], I think we're seeing kind of just the opposite people buying more items but perhaps smaller quantities. *Q2 2022 Earnings Call* (May 5, 2022) (Dkt. 30 ¶ 48).	
9	Egeck	[Morgan Stanley:] Great. Thank you. And you mentioned no signs yet of consumer response as far as the macro, still positive tailwinds. You mentioned of any signs of either trade down or pullback. I guess, what are you guys looking for as far as whether that may or may not happen, recognizing the vast majority of your business is non-discretionary? Are there areas where the consumer could still choose to either trade down or pull back in certain ways? And I guess how are you kind of thinking about that given the well-publicized stress on the consumer world right now? [Egeck:] Yeah. ***I think what you're seeing in our business is nondiscretionary nature of the vast majority of it and recurring demand.*** And I know we say that a lot, but it really starts to prove itself in situations like this. We – if we have one business that is underperforming the others currently, it would be our rec business and – recreation products, floats, pads, basketball games, that sort of thing. We have seen some weakness there, but that's a single-digit percentage of our total business. ***And in the core businesses of chemicals and equipment and parts and repair and maintenance, we have not seen any indication of a decrease in demand.*** *Q2 2022 Earnings Call* (May 5, 2022) (Dkt. 30 ¶ 49).	Not adequately alleged to be false or misleading when made Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
10	Weddell	[Baird & Co.:] . . . And I guess the other question would just be maybe on inventory. So I mean, inventory has been a popular topic	Not adequately alleged to be false or

		in retail for the last couple of weeks. How does inventory look for you guys? How do you feel about that given the flow of business? [Weddell:] Sure. Yes. We took a strategic – we've made a strategic decision last year to heavily invest in inventory. If you remember, most of the inventory that we have is nondiscretionary. It's not something fashion risk or obsolescence. If you look at the end of Q2, our fiscal Q2, effectively at the end of March, up $70 million or up 25%. ***So we worked very hard and closely with our vendors to procure effectively as much inventory as we can to meet the heightened demand that we see today, and it's a competitive advantage. So I feel very good with our inventory position today.*** Do expect there'll be some spot outages, though. I think supply chain is still a little challenged with certain vendors, and we're working through it, but feel very good going into season. *Robert W. Baird Analyst Conference Call* (June 6, 2022) (Dkt. 30 ¶ 50).	misleading when made Statement of corporate optimism Statement of opinion No loss causation – mismatch with corrective disclosure
11	Weddell	[William Blair & Co.:] Got it. And then, just comment on inflation, is it still rising? Is it peaking? And then, on supply chain, how is product flowing? Do you have all the inventory you need? [Weddell:] Yeah. Great. Great questions as well. So, we have certainly seen an elevation or acceleration of inflation over the last few months. In our industry, we've seen inflation for the last year and a half, primarily product-driven. That's been no different the last few months and last couple of quarters as well. We do feel like in the current quarter should see inflation at its peak and again as we manage through our business. So, we've got an ability to pass on price increases. So, as we talked earlier this year, we had a point of view that inflation was going to be around 5%. We have	Not adequately alleged to be false or misleading when made Statement of opinion Statement of corporate optimism No loss causation – mismatch with corrective disclosure

		updated that in May that it was going to be closer to 10%. And you've seen pricing actions that we've taken to basically a company's most cost increases. From a industry supply perspective, continues to be challenged, certainly tighter than we were pre-pandemic, certainly feels better than last year. Coming into the season, feel like we're in a better inventory position, $70 million more at the end of the second quarter for us, which ended in March. It's about a 25% increase in overall inventories. ***I think at this point, we wish we had more. So we believe this year, we will still not have all the inventory that we need to meet all the demand that's out there, but certainly feel better about the inventory position today than in prior years.*** *William Blair Growth Stock Conference Call* (June 7, 2022) (Dkt. 30 ¶ 51).	
12	Weddell	. . . As Mike discussed, our third quarter performance was impacted by difficult year-over-year comparisons, as well as discrete execution challenges within our distribution network, which are now behind us. Despite these challenges, ***demand for [Leslie's] core nondiscretionary product remained solid*** and we are focused on delivering against our updated outlook for the year. *Q3 2022 Earnings Call* (Aug. 5, 2022) (Dkt. 30 ¶ 53).	Not adequately alleged to be false or misleading when made No loss causation – mismatch with corrective disclosure
13	Egeck	[William Blair & Co.:] Got it. That's helpful. Okay. And then my second question is just on the 4Q guide. Just so I understand it, it sounds like you're extrapolating what you saw in 3Q. Sounds like it might be a little conservative, we have an uncertain macro. You saw July, that sounds pretty decent. You said promotions are not getting worse. So, is the right read here that underlying industry	Not adequately alleged to be false or misleading when made Statement of opinion

		demand is not slowing down dramatically. The industry outlook is still pretty good, and you think that promotion that's behind you? [Egeck:] Yeah, Ryan, I'll take that one. I do think you described it correctly. We were pleased to see promotion stabilize in July. And when you look at industry demand, if you – the issue we had with our DC cost us about 700 basis points of comp in our residential business. So, instead of running a 6% comp we would have run a 13% comp. So, in this ***demand, we think, is very much alive and stable.*** The change we really saw in Q3 was, as I described before, given the slow start to the season and comping the chlorine shortage and media coverage from last year and a consumer that blinked a little, there was some price sensitivity and the industry reacted with some promotions. It's not typically a promotional driven industry. We don't expect it to become one. And we think we saw that recovery in July. *Q3 2022 Earnings Call* (Aug. 5, 2022) (Dkt. 30 ¶ 53).	No loss causation – mismatch with corrective disclosure
14	Weddell	On inventory, we ended the third quarter of fiscal 2022 with $361 million, up $137 million, or 61% compared to $224 million at the end of the prior year quarter. The increase in inventory is primarily related to equipment and chemicals. Both product categories are non-discretionary in nature and are not subject to technology or fashion risk. We have seen some recent improvements in supply chain availability as we received a significant amount of backordered product during the third quarter. However, we would still characterize the current environment as mixed. As a result, ***we view our current inventory position as appropriate given the***	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections)

		uncertainty of supply for the balance of the year and into fiscal 2023. *Q3 2022 Earnings Call* (Aug. 5, 2022) (Dkt. 30 ¶ 54).	Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
15	Weddell	[Telsey Advisory Group LLC:] Hi. Hi, everyone. As you think about inventory levels, given what happened in the New Jersey DC, where should we be seeing inventory levels perhaps at the end of the fourth quarter? And then the changes in product procurement that you mentioned, Mike, how much of that continues going forward and how much of the New Jersey DC costs continue are sticky and that's the way the business continues to operate? How much is permanent versus how much is variable? Thank you. [Weddel:] Yeah. Good morning, Dana. I'll take the first part of that on inventory, as we think about year end, I'm not going to guide to specific numbers, but we expect inventory to remain elevated. Again, the two primary areas of increase year on year for Q3 were trichlor and equipment. On trichlor, the increase is relative to last year, which was more depressed, more difficult to come by. And so, ***we're in a much better position from a Trichlor perspective across our network, both -- all stages, raw materials, produced goods, in our DCs and in our stores.*** When you think of equipment, the equipment is where we've had a lot of the uncertainty around timing of supply receipts. And it does feel like that area of the supply chain is moderating. It is getting better. It has resulted in elevated levels. And when you think about the nature of our inventory, it doesn't have the	Not adequately alleged to be false or misleading when made Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		same level of obsolescence as many other retailers. This is good product. And ***if the choice is to take inventory at a little bit higher level today, going into the end of the year and to start off next year in a better position versus try to run leaner. We will take the former in the current environment. So it's something we expect to actively manage in the year-end and through next year, don't necessarily view these levels as permanent increases. But in the current environment, it's the appropriate level of inventory.*** *Q3 2022 Earnings Call* (Aug. 5, 2022) (Dkt. 30 ¶ 55).	
16	Egeck	Second part of the product margin challenge, Steve mentioned this earlier, is some unexpected short shipments from vendors on particularly specialty chemicals. That's a very active situation. We're managing it day to day. And I'll note that it's completely different than last year. Last year, the shortages and supply challenges were focused on trichlor and equipment. ***Trichlor inventory is in good shape,*** equipment inventory for the most part is in good shape, but things like shock, liquid chlorine, dry acid, algaecides, you know, we've got short shipped 30% to 40% from some of our proven vendors on those products. And to meet consumer demand, we've gone to the open market to purchase and that has been – that's come in at a much higher cost. So that pressure we see continuing into Q4 as part of the product margin promotions we think will stabilize and become less of a factor. *Q3 2022 Earnings Call* (Aug. 5, 2022) (Dkt. 30 ¶ 56)	Not adequately alleged to be false or misleading when made Statement of opinion Statement of corporate optimism No loss causation – mismatch with corrective disclosure
17	Egeck	Looking ahead, while we anticipate a challenging macro-economic backdrop for Fiscal 2023, ***we remain focused on delivering against our long-term objectives supported by the recurring non-discretionary demand of the aftermarket pool industry, the***	Not adequately alleged to be false or misleading when made

		competitive advantages of our integrated network of physical and digital assets and the execution of our strategic growth initiatives. *2022 Fiscal Year-End Press Release* (Nov. 30, 2022) (Dkt. 30 ¶ 58).	Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of corporate optimism No loss causation – mismatch with corrective disclosure
18	Egeck	However, we think it's important to note that we ***do not see a scenario where we give back significant portions of the gains over the last 3 years.*** We remain confident in the durability of our business model and in our ability to grow our market share in challenging macro environments. This confidence is based on the fundamental advantages of the 80% of our business that is nondiscretionary and recurring in nature, the competitive advantages of our integrated system of physical and digital assets, and the further execution of our diversified strategic growth initiatives. *2022 Fiscal Year-End Earnings Call* (Nov. 30, 2022) (Dkt. 30 ¶ 59).	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) No loss causation – mismatch with corrective disclosure
19	Weddell	On inventory, we ended fiscal 2022 with $362 million, flat when compared to the third quarter and up $163 million or 82% compared to $199 million at the end of fiscal 2021. The increase in	Not adequately alleged to be false or

		inventory is primarily related to equipment, chemicals and M&A activity. Both, the equipment and chemical product categories, are nondiscretionary in nature and are not subject to technology or fashion risk. ***We view our current elevated inventory position as appropriate given the uncertainty of supply going into fiscal 2023.*** Our number one priority will be to put the company in a position to meet consumer demand. We also need to see industry supply chains become more predictable. *2022 Fiscal Year-End Earnings Call* (Nov. 30, 2022) (Dkt. 30 ¶ 60).	misleading when made Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
20	Weddell	And ***when we feel we can adequately meet consumer demand and we see an improvement in supply chains, then we will pursue opportunities to reduce inventory.*** … Now let's shift gears and turn to slide 52 to review opportunities to improve our inventory position. Our top priority, as I discussed earlier, is to have product in-stock to meet consumer demand. Vendor supply chains have been unpredictable across a number of key product categories over the last few years and while we're pleased with our team's tireless efforts and the collaboration from our vendor partners, this unpredictability has impacted product availability, customer service levels, and we've missed sales. We're encouraged that supply chains appear to be improving, but we will continue to lean in on inventory investments until we see sustained performance leading up to and through pool season. We have the ability to use our balance as a competitive advantage and we will continue to carry higher inventory levels in both our stores and our distribution centers. We will also focus on the earlier	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		receipt of goods so we can use our distribution capabilities to position inventory across our network in advance of season. And as a reminder, we primarily sold nondiscretionary products. And most of the incremental inventory falls into the chemical and equipment categories that are not subject to technology or fashion risk. ***When we believe we have sufficient inventory to meet consumer demand through season and after we see supply chains across the industry become more predictable, then we will strategically manage inventory levels down to recoup some of the investments we have made in working capital over the last few years.*** *2022 Fiscal Year-End Earnings Call* (Nov. 30, 2022) (Dkt. 30 ¶ 61).	
21	"the Company"	***We may not be able to successfully manage our inventory to match consumer demand, which could have a material adverse effect on our business, financial condition, and results of operations.*** We base our inventory purchases, in part, on our sales forecasts. ***If our sales forecasts overestimate consumer demand, we may experience higher inventory levels, which could result in the need to sell products at lower than anticipated prices, leading to decreased profit margins.*** Conversely, if our sales forecasts underestimate consumer demand, we may have insufficient inventory to meet demand, leading to lost sales, either of which could materially adversely affect our financial performance. *2022 Form 10-K* (Nov. 30, 2022) (Dkt. 30 ¶ 62).	Not adequately alleged to be false or misleading when made No loss causation – mismatch with corrective disclosure
22	Egeck	[MKM Partners:] Got it. That's very helpful. And this is my follow-up here on, Mike, might some of your ending comments in	Not adequately alleged to be false or

		the prepared remarks just on the indications of reduced confidence in the category. So, are you hearing that from your PRO customers as well, some of the larger PROs, particularly, and I'm just curious, if we were to see a wider slowdown across pool, would you see that more pronounced from the PRO or the DIY customer at first? Maybe just give us some thoughts there. ***[Egeck:] I think the way to think about demand is to keep in mind, it's a very small quarter, right, for the whole industry. And I know we've said that a lot. But again, trying to extrapolate trends from this first quarter, which is: a, small; and b, had a really outsized weather impact, I just think that's tricky.*** And internally, we're trying not to do that. In terms of DIY versus Pro, as I had said in the earlier question, very similar behavior that we saw in both channels. And we looked really hard for any indication that there might be some switch from PRO to DIY and we did not see that. So we expect the PRO business to play out for the year as anticipated when we put on our guide and we expect the residential business to do the same. * * * [Loop Capital Markets Analyst:] Hi, thank you. I'm just wondering if you could speak on the impact of Trichlor. Obviously, it held in here and you've said in the past you plan to hold on to as much as you possibly can, but just given the big delta between how resilient pricing has been so far versus what's in your guidance? I was wondering if you could maybe provide some perspective on if you would anticipate pricing to come down, when might that be, or if there's any signs of weakness that you're seeing at this point at all?	misleading when made Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		[Egeck:] Yeah, Garik. Thanks for the question. The pricing for pool season really gets set Memorial Day weekend. We've talked about that a little bit before at some conferences as well as calls. That's when I would say the industry settles in on price for the balance of the pool season. So, up until that point, we try not to make any assumptions. We talked about at our Investor Day that there is a case for price deflation in Trichlor. We have not seen any evidence of that. We know that Trichlor costing is up. I think that is now set in the industry and it would be unusual for the industry to discount off of that. But there's a lot of – there's a lot of chatter about that potential outcome. So we're not discounting it, which is why we have it in our guide as a possibility. But to date, we haven't seen any inclination of price inflation in PRO or Residential. And just to reiterate, there's plenty of inventory in the channel. I would say everybody is fully inventoried in Trichlor. [Loop Capital Markets Analyst:] Got it. That's helpful. A follow-up question is just, you spoke to the weather impacts on the quarter. It sounds like most of that was on the non-discretionary side. But I'm just wondering if there might possibly be any pent-up demand from any purchases that might have been pushed out due to the weather? Or should we assume that those sales were effectively lost with the poor weather in the quarter? [Egeck:] Yeah. I think the answer is the C. I think, chemicals, right. That sales opportunity has probably passed. I think it remains to be seen on equipment because, with the weather being as challenging it was, it impacted store traffic, site traffic, pools were not on people's minds. So, I think there's an opportunity to recover that. And ***again, super small quarter, upsized weather impact being very careful not to draw any trends for the full year***	

		from it. And we didn't see anything despite those 2 factors that would tell us we need to. *Q1 2023 Earnings Call* (Feb. 2, 2023) (Dkt. 30 ¶ 64).	
23	Weddell	And as previously stated, our first priority is to put the company in a position to meet consumer demand for the season. ***In furtherance of that objective, we continue to view our current elevated inventory position as appropriate and sensible given the uncertainty of supply.*** We also have the ability to use our balance sheet as a competitive advantage and invest in higher inventory levels in both our stores and our distribution centers. ***When we believe we have sufficient inventory to meet consumer demand through season, and after we see supply chains across the industry become more predictable, then we will strategically manage inventory levels down.*** *Q1 2023 Earnings Call* (Feb. 2, 2023) (Dkt. 30 ¶ 65).	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
24	Weddell	[William Blair & Co.:] Can we start with inventory, Mike? The inventory kind of pops off the page and up a bit sequentially. How much is safety stock? And when do you see inventory normalizing? [Weddell:] Yeah. It's a great question, Ryan. Thank you for that. And as we think about our inventory growth, I mean, ***there's 2 key reasons that inventory is up, one is sales growth over the last year***	Not adequately alleged to be false or misleading when made No loss causation – corrective disclosure fails to disclose

		– last few years. And then importantly, the strategic decision that we made to intentionally pull forward 2023 receipts in advance of season, we believe that pull-forward is appropriate. When you look at the last two years, the industry has had a number of supply chain challenges and we've had far too many out of stocks on key products and we're not – unable to serve consumers. ***So the pull forward allows us to load our stores with more product and facilitate the replacement cycle during the early part of our season.*** And it's also one of the reasons that you saw some of the distribution costs be a little bit higher in the last quarter as well. ***But again, the inventory that we're procuring today is for this season. And it's inventory that is being brought in earlier in preparation for season. It's not stocking up for kind of longer-term needs.*** *Q1 2023 Earnings Call* (Feb. 2, 2023) (Dkt. 30 ¶ 66).	information that had previously been concealed
25	Weddell	[Jefferies LLC:] Great. Good afternoon and thanks for taking my question. My first question was just a follow-up on inventory. Curious if you could just break out, Steve, maybe just the increase in units versus price. Not sure if you could get as granular as the Trichlor units versus price, but that would be helpful. And then just a second piece of that first question is how you're thinking about the rate of inventory growth in fiscal 2Q, right? So, I think overall inventory balances were up around 74% this quarter. Just thinking how should we expect that rate of growth in fiscal 2Q. That's my first question. Thanks. [Weddel:] Yeah. So, both good questions. We certainly expect inventory to be up again in Q2. We typically will peak in our inventory the last couple of weeks of March, first couple of weeks of April, and then we start getting into kind of replenishment cycle	Not adequately alleged to be false or misleading when made Statement of opinion Statement of corporate optimism No loss causation – mismatch with corrective disclosure

		as season starts to kick off. So, we would expect inventory to be up again in Q2, less so than in Q1, but still dollar increase. When you think about inflation as they expand out and I talked through a fourth factor. It's equipment, it's chemicals, it's M&A, and it's inflationary, and inflation was a top four contributor to the increase year-on-year. Definitely have a larger increase from a unit perspective than from a cost perspective, but certainly have seen those costs flow through to the inventory balances as well. ***We feel good about the inventory that we have in our facilities and in our stores. Again, when you think about that composition of product that we're bringing in early, it's high-turn product, top SKUs that we know we need for full season and where last year we talked a lot about kind of getting behind the curve and replenishment cycle,*** we have more inventory available to distribute out to, whether e-commerce customers or to our retail locations to serve those consumers as season really gets kicked off. And again, consistent with prior years, I can't tell you the day or the week that season will really kick off, but it will be typically in the month of May. ***So I feel good with the position we have in inventory today.*** *Q1 2023 Earnings Call* (Feb. 2, 2023) (Dkt. 30 ¶ 67).	
26	Egeck	[Baird & Co.:] Hey, Mike, Steve, just a couple of questions. First, just on the sector supply chain. Maybe what – just help us what's still not operating efficiently, and you're bringing a lot of inventory in. I'm just curious, what areas of the business are you still kind of concerned about or maybe aren't operating, I guess, fluidly at this point? That's my first question. [Egeck:] Yeah. You know, Peter, as you'll remember in Q3 and Q4 last year, we had some challenges with specialty chemicals in	Not adequately alleged to be false or misleading when made Statement of opinion Statement of corporate optimism

		particular, and we said we would address that in two ways. We buy more earlier, which we've done, and we'd also diversify our vendors there, which we've done as well, survives to point to one area that would be probably predominant. In terms of equipment, the equipment vendors have done a nice job getting themselves back on schedule fairly recent, and we have taken in a lot of equipment inventory purposely so that we won't be looking necessarily to reorder in season. We're purposely trying to buy it upfront, which I think we've successfully done with all except maybe one vendor. And then ***In Trichlor that's really us, and we control most of that supply chain now, particularly with our – particularly with our investment in stellar tableting. So we feel good about where we are with Trichlor, but we've also bulked up the inventory there as well, with the idea that we're going to preposition a much higher percentage of it into the stores themselves.*** *Q1 2023 Earnings Call* (Feb. 2, 2023) (Dkt. 30 ¶ 68).	No loss causation – mismatch with corrective disclosure
27	"the Company"	***We may not be able to successfully manage our inventory to match consumer demand, which could have a material adverse effect on our business, financial condition, and results of operations.*** We base our inventory purchases, in part, on our sales forecasts. ***If our sales forecasts overestimate consumer demand, we may experience higher inventory levels, which could result in the need to sell products at lower than anticipated prices, leading to decreased profit margins.*** Conversely, if our sales forecasts underestimate consumer demand, we may have insufficient inventory to meet demand, leading to lost sales, either of which could materially adversely affect our financial performance.	Not adequately alleged to be false or misleading when made No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		Q1 2023 Form 10-Q (Feb. 3, 2023) (Dkt. 30 ¶ 69).	
28	"the Company"	Sales decreased $15.3 million, or 6.7%, to $212.8 million compared to $228.1 million in the prior year period. Comparable sales decreased 13.5% compared to the prior year period, which included ***the impact of the normalization of the seasonal purchasing cycle to pre-pandemic patterns and adverse weather.*** *Q2 2023 Earnings Press Release* (May 3, 2023) (Dkt. 30 ¶ 70)**.**	Not adequately alleged to be false or misleading when made No loss causation – corrective disclosure fails to disclose information that had previously been concealed
29	Egeck	During the second quarter, ***the industry and Leslie's experienced comparable sales headwinds related to the normalization of the seasonal purchasing cycle to pre-pandemic patterns, as well as adverse weather in key markets.*** Our non-comparable sales partially offset these headwinds enabling us to deliver a first half performance within the range of expectations in our full year guidance. ***Underscoring these results was the strong execution of our diversified growth initiatives by our teams which helped to drive continued market share gains and position us well to deliver against our objectives as we head into the all-important pool season.*** *Q2 2023 Earnings Press Release* (May 3, 2023) (Dkt. 30 ¶ 71).	Not adequately alleged to be false or misleading when made Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
30	Egeck	With supply chain issues largely behind us and inventory for most products in the pool industry now readily available, ***we believe we***	Not adequately alleged to be false or

		are seeing a return to a more normalized pre-pandemic revenue contribution breakdown with 25% in the first half of the year and 75% in the second half. To be clear, we believe this change in seasonal consumer purchasing behavior is a timing shift and not a reduction in underlying demand for the year. *Q2 2023 Earnings Call* (May 3, 2023) (Dkt. 30 ¶ 72).	misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion No loss causation – corrective disclosure fails to disclose information that had previously been concealed
31	Weddell	Mike discussed the impact of unfavorable weather and more normalized seasonal customer purchasing patterns. With product more available across the industry this year, ***we believe consumers are more closely aligning their purchases with their need for product during the primary pool season, which runs from May to September.*** This behavior would be more consistent with seasonal purchasing patterns prior to supply chain challenges created by the pandemic. ***It's important to note that we believe this behavior impacts the timing of sales, not the absolute dollars expected to be generated this year.***	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion

		Q2 2023 Earnings Call (May 3, 2023) (Dkt. 30 ¶ 73).	No loss causation – corrective disclosure fails to disclose information that had previously been concealed
32	Weddell	[Jeffries LLC:] Hey. Good afternoon. Thanks for taking my questions. First one was on inventory just related to the end of quarter balance there. It sounds like PRO customers seem still resolute in believing trichlor prices will come down. Presumably they've been maybe relying more on safety stock until that happens. Do you have a sense of how much safety stock your PRO customers have to run through before they need to purchase in greater quantities? And I guess, similar question for the homeowner, although I presume safety stock is less of a relevant concept here. But just trying to get a sense of kind of it sounds like this is going to be the peak for inventory and you're going to kind of focus on working down that inventory and convert to cash flow. So just trying to get some sense around that dynamic. Thanks. * * * [Weddell:] Sure. So, yeah, so inventory settled at $492 million for the quarter, up $147 million over last year. That's actually a smaller decline than we saw – sorry, smaller increase than we saw in the first quarter. And if you look at the sequencing of inventory increases in the back half of last year, we saw positive increases in inventory in both Q3 and Q4. Highly unusual. And if you go back in the years I've been here, we have never increased inventory in the back half of the year. Because of the supply chain challenges and the shortages, we accepted that inventory and began to build up	Not adequately alleged to be false or misleading when made Forward-looking statement protected by statutory safe harbor (including assumptions related to projections) Statement of opinion Statement of corporate optimism No loss causation – corrective disclosure fails to disclose information that had previously been concealed

		for the season. ***I feel very good with where we're at going into season if you look at the year-on-year change in Q2, primarily around chemicals.*** So, if we go back to last couple of quarters, a lot of the discussions we were having was around the increase in inventory related to equipment**.** ***So at this point, going into season, heaviest use from a chemical perspective, we feel very good with our current inventory balances. The top 2 contributors, the inventory increase were still the chemical and equipment categories, which we've talked a lot about being nondiscretionary in nature. So we feel good with where we're at. And as you stated, I absolutely believe that we're at peak and we have an opportunity to materially decrease our inventory levels into year-end and beyond.*** *Q2 2023 Earnings Call* (May 3, 2023) (Dkt. 30 ¶ 76).	